

Prasarn Trairatvorakul: Economic and financial cooperation between China and Thailand

Opening remarks by Dr Prasarn Trairatvorakul, Governor of the Bank of Thailand, at the Luncheon to inaugurate the Bank of Thailand Beijing Representative Office, Beijing, 6 April 2012.

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Your Royal Highness (Princess Maha Chakri Sirindhorn),

Your Excellencies,

Distinguished Guests,

Ladies and Gentlemen,

The Bank of Thailand is humbly grateful to Your Royal Highness Princess Maha Chakri Sirindhorn for graciously presiding over this Luncheon to inaugurate the Bank of Thailand Beijing Representative Office. The Bank of Thailand is privileged and honoured to celebrate this auspicious occasion at the Residence of the Ambassador of Thailand here in Beijing among a group of honored guests who have been part of the long-standing Sino-Thai relations.

Today's event provides a unique opportunity to celebrate not only the present achievements, but also to pay tribute to history of the friendship between China and Thailand that has spanned over 700 glorious years since the Tang Dynasty and the Sukhothai Era.

Our cooperation first began in the form of trade, which remains to this day the strongest tie between our two nations. Along with the flows of trade from China came the cultural heritage, which is why our cultural linkage is deeply rooted – in all aspects of the arts, culture and cuisine.

Your Royal Highness,

Ladies and Gentlemen,

The long-standing relations between our two economies have provided a solid foundation that shaped our modern economic and financial relationships.

Trade value between our two countries has grown tremendously over the last decade. With the highest growth recorded among our major trading partners, China has now become Thailand's largest export destination and the second largest trading partner.

For more than 30 years, Thai businessmen have invested in China and I understand that we are the first of the ASEAN countries to invest in China. Chinese investment in Thailand has also increased significantly and China is now the fourth largest foreign investor in Thailand.

Thai commercial banks have long had a presence in China to better respond to the needs of their customers in China, namely Bangkok Bank, Kasikorn Bank, and Krung Thai Bank. Likewise, Bank of China and ICBC, the two largest Chinese banks, are already operating in Thailand.

In addition to these bilateral relations, our cooperative spirit has also extended to the multilateral frameworks. Please allow me to name just a few important ones. related to the economic and financial cooperation.

The first is the ASEAN, China, Japan and Korea or ASEAN+3. Significant achievements under this forum include the Chiang Mai Initiative Multilateralization which pool resources within the region to safeguard against risks and volatilities, and the setting up of the ASEAN+3 Macroeconomic and Research Office or AMRO to act as a surveillance unit for the region.

The other is the Executives' Meeting of East Asia-Pacific Central Banks or EMEAP, which have helped develop the capital market in the region through the establishment of the Asian Bond Fund and many other initiatives.

The increasingly important role of China to the Thai economy and financial system has brought about the need for broader and deeper understanding of the Chinese economy and a more proactive response from public agencies, including the Bank of Thailand, to seek a presence in China.

Your Royal Highness,

Ladies and Gentlemen,

Following the initial foothold in the form of two representative offices in New York and London twenty years ago, the Bank of Thailand recently established a representative office here in Beijing. The Beijing office is our first representative office in Asia. I also believe that we are the first central bank from the ASEAN region to have its representative office in China.

But, being the first is not the only measure of success for our journey here. Since its establishment last year, our Beijing representative office has fulfilled its objectives to further promote closer ties between the Bank of Thailand and the People's Bank of China, as well as other Chinese government agencies. The office also aims to sharpen its focus and first-hand understanding of the economic and financial developments in China.

This achievement is well-illustrated by the deepening financial cooperation between China and Thailand. In December last year, the People's Bank of China and the Bank of Thailand concluded the bilateral local currency swap arrangements during the visit of Vice President Xi Jinping to Thailand. The Agreement provides for the exchange of respective local currency upto 70 billion yuan or 320 billion baht, to facilitate bilateral trade and investment. I believe this is a crucial role that the public sector can provide to give assurance to the private sector on the availability of their access to the yuan and the baht for their trade and investment needs.

In addition, the Bank of Thailand received approval from the People's Bank of China and China Securities Regulatory Commission to participate in the interbank bond market and securities market here in China. Our investment would allow our asset allocation and diversification to better reflect the increasingly important role of the yuan in international monetary system.

Last but not least, I hope that the inauguration of our Beijing representative office will be more than just another success story. I truly hope that the spirit and friendship behind this long-standing relations and successes, nurtured earnestly over centuries, will continue to serve as solid foundations that will lead to even greater and closer future cooperation between our two nations.

Let me end by thanking everyone for being an important part of this success. And, with Your Royal Highness' permission, may I propose a toast to future success and cooperation as well as to your Royal Highness's good health and prosperity.

祝中泰合作圆满成功

祝公主殿下：政躬康泰,万寿无疆。

Thank you.